
Medicare

Provider Reimbursement Manual

Part 2, Provider Cost Reporting Forms and Instructions, Chapter 1, General

Department of Health &
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NEW/REVISED MATERIAL--EFFECTIVE DATE: Cost reporting periods ending on or after March 31, 2001

Section 140, Acceptance /Rejection of Cost Reports, adds instructions to providers and fiscal intermediaries concerning the acceptance and rejection of cost reports.

CHAPTER 1
COST REPORTING--GENERAL

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140. ACCEPTANCE/REJECTION OF COST REPORTS

In order for a cost report to be acceptable, a provider must complete and submit the required cost reporting forms, including all required signatures to the provider's fiscal intermediary. An acceptable cost report means that all of the items in Part I of the Acceptability Checklist have been included in the submission.

A cost report received by the fiscal intermediary from providers filing electronic cost reports (ECRs) includes in its submission the following :

1. A diskette of the ECR utilizing a CMS-approved vendor with the current specification date submitted.
2. An ECR that passes all level 1 edits.
3. A submitted print image file of the cost report except when using CMS free software.
4. The certification page (Worksheet S) of the ECR file with the actual signature of an officer (administrator or chief financial officer).
5. An exact match of the encryption code, date and time for the ECR displayed on the certification page to that of the ECR file encryption code, date and time.
6. An exact match of the encryption code, date and time for the print image displayed on the certification page to that of the print image file encryption code, date and time except when using CMS free software.
7. For teaching hospitals, a complete Intern and Resident Information System (IRIS) diskette that will pass all IRIS system edits.
8. The settlement summary on the electronic certification page agrees with the settlement summary on the Medicare cost report produced from the electronic file.
9. A completed , signed and submitted Form CMS-339. (Formally HCFA-339)

A cost report report received from providers that do not file ECRs must include in its submission the following:

1. A completed and legible cost report on the proper forms .
2. A general information and certification page which includes the original signature of an officer (administrator or chief financial officer).
3. A completed , signed and submitted Form CMS-339 with an original signature

The following situations can cause the rejection of the cost report by the fiscal intermediary:

1. The submitted cost report does not contain the required signatures.
2. The submitted cost report does not include the Provider Cost Report Reimbursement Questionnaire Form CMS-339 completed in accordance with the instructions in existence at the time of filing.

For providers that are required to submit its cost report by electronic media, the following situations can cause rejection of its cost report by the fiscal intermediary:

1. The submitted cost report fails the level 1 edits as contained in the ECR Specifications Manual.
2. The submitted diskette containing the cost report cannot be machine read, has been damaged or is corrupted, i.e., a “bad” diskette has been submitted.
3. The time and date stamped on the signed Worksheet S does not match the date and time on the submitted diskette.
4. The provider failed to comply with the acceptability check list contained in Form CMS-339.

For providers that are teaching hospitals, the following additional situations can cause rejection:

1. The provider failed to submit the IRIS diskette.
2. The provider has submitted the required IRIS diskette, but:
 - a) it contains an old version of IRIS (e.g. IRIS 95);
 - b) it contains the wrong files (e.g. IRIS data for previous cost report period);
 - c) the file won't open in IRISFIV3 (e.g., IRIS master file has fiscal year begin date later than the fiscal year end date);
 - d) the diskette contains unintelligible data;
 - e) the diskette is unreadable; or
 - f) the diskette is damaged.

The fiscal intermediary has 30 days from the date of receipt of the providers cost report to make a determination of acceptability. If the submitted cost report is considered unacceptable, the fiscal intermediary returns the cost report to the provider with a letter explaining the reasons for rejection. If the due date for the cost report has expired, the fiscal intermediary will institute withholding of the interim payments and/or assessment of interest and penalties and issue a demand letter as soon as possible but no later than 30 days after the due date of the cost report.

If the primary reason for the rejection of the cost report is a “bad” or “damaged” diskette, the fiscal intermediary will return the “bad” or “damaged” diskette with the instruction that a good diskette must be resubmitted within 15 days from the date of the rejection notice letter. If a good diskette is not received within the 15 day grace period as required by the rejection letter, the fiscal intermediary is to reject the entire cost report package, i.e., the cost report, CMS Form-339, and, if a teaching hospital, the IRIS report. Additionally, the fiscal intermediary is to institute withholding of interim payments and/or assessment of interest and penalties if the due date for the submission of the cost report has expired and issue a demand letter as soon as possible but no later than 30 days after the due date of the cost report.

If the primary reason for the rejection of the cost report is that the IRIS diskette is being processed by IRISFIV3 and contains errors, the fiscal intermediary is to issue a rejection notice and give the provider 30 days from the date of the rejection notice to correct the errors and resubmit to the fiscal intermediary. If a good IRIS diskette is not received within the 30 day grace period, the fiscal intermediary is to reject the entire cost report package and is to institute withholding of interim

payments and/or assessment of interest and penalties. If the due date for the submission of the cost report has expired, issue a demand letter as soon as possible, but no later than 30 days after the due date of the cost report.

The fiscal intermediary is to verify that, where appropriate, the provider has also submitted with its cost report the items from part II of the Acceptability Checklist. These items are as follows:

1. Correctly updated graduate medical education (GME) per resident amounts.
2. All applicable documentation required per Form CMS-2552-96.
3. All required documentation per Form CMS-339.
4. Documentation supporting exceptions to level 2 ECR and hospital cost report information system(HCRIS) edits.
5. A copy of the working trial balance.
6. A copy of the audited financial statements where applicable.
7. The supporting documentation for reclassifications, adjustments, related organizations, contracted therapists, and protested items, where applicable.

If the provider fails to submit the items that are required under part II of the Acceptability Checklist, the fiscal intermediary is to notify the provider in writing that its cost report submission was incomplete and that the provider has 15 days from the date of the notification letter to submit the missing documentation. If the provider fails to provide the missing documentation within the required time frame, the fiscal intermediary is to notify the provider that its cost report submission has been rejected. Additionally, the fiscal intermediary is to institute withholding of interim payments and/or assessment of interest and penalties if the due date for the submission of the cost report has expired and issue a demand letter as soon as possible but no later than 30 days after the due date of the cost report.